
State:	Pennsylvania	Filing Company:	The Prudential Insurance Company of America
TOI/Sub-TOI:	LTC03G Group Long Term Care/LTC03G.001 Qualified		
Product Name:	Group Long Term Care Insurance		
Project Name/Number:	GLTC-3 Re-Rate/7G-2018		

Filing at a Glance

Company:	The Prudential Insurance Company of America
Product Name:	Group Long Term Care Insurance
State:	Pennsylvania
TOI:	LTC03G Group Long Term Care
Sub-TOI:	LTC03G.001 Qualified
Filing Type:	Rate - G.I. (Guaranteed Issue)
Date Submitted:	01/17/2019
SERFF Tr Num:	PRUD-131789912
SERFF Status:	Assigned
State Tr Num:	PRUD-131789912
State Status:	Received Review in Progress
Co Tr Num:	IIGHGLTC3RATE-RP-PA
Implementation	On Approval
Date Requested:	
Author(s):	Laura Hughes, Raenonna Prince, Hina Ahmad, Ritu Jain, Karen Keller
Reviewer(s):	Jim Lavery (primary)
Disposition Date:	
Disposition Status:	
Implementation Date:	
State Filing Description:	
Proposed 19% increase on 2,533 PA policyholders of Prudential Group LTC form 83500 BFW 5015 (called the GLTC3 Series).	

State: Pennsylvania **Filing Company:** The Prudential Insurance Company of America
TOI/Sub-TOI: LTC03G Group Long Term Care/LTC03G.001 Qualified
Product Name: Group Long Term Care Insurance
Project Name/Number: GLTC-3 Re-Rate/7G-2018

General Information

Project Name: GLTC-3 Re-Rate Status of Filing in Domicile: Pending
Project Number: 7G-2018 Date Approved in Domicile:
Requested Filing Mode: Review & Approval Domicile Status Comments: Filed Concurrently.
Explanation for Combination/Other: Market Type: Group
Submission Type: New Submission Group Market Size: Small and Large
Group Market Type: Employer, Association Overall Rate Impact: 19%
Filing Status Changed: 01/18/2019
State Status Changed: 01/18/2019 Deemer Date:
Created By: Raenonna Prince Submitted By: Raenonna Prince
Corresponding Filing Tracking Number:
State TOI: LTC03G Group Long Term Care State Sub-TOI: LTC03G.001 Qualified

Filing Description:

Please refer to the filing cover letter attached to the Supporting Documentation Tab of this filing.

Company and Contact

Filing Contact Information

Keith Burns, Vice President and Actuary keith.burns@prudential.com
Long Term Care Unit 402-715-4861 [Phone]
100 Mulberry Street
Gateway Center 2, 11th Floor
Newark, NJ 07102

Filing Company Information

The Prudential Insurance	CoCode: 68241	State of Domicile: New Jersey
Company of America	Group Code: 304	Company Type: Life
751 Broad Street	Group Name:	State ID Number:
Newark, NJ 07102-3777	FEIN Number: 22-1211670	
(973) 802-6000 ext. [Phone]		

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

SERFF Tracking #:	PRUD-131789912	State Tracking #:	PRUD-131789912	Company Tracking #:	IIGHGLTC3RATE-RP-PA
State:	Pennsylvania	Filing Company:	The Prudential Insurance Company of America		
TOI/Sub-TOI:	LTC03G Group Long Term Care/LTC03G.001 Qualified				
Product Name:	Group Long Term Care Insurance				
Project Name/Number:	GLTC-3 Re-Rate/7G-2018				

Rate Information

Rate data applies to filing.

Filing Method:	SERFF
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	40.000%
Effective Date of Last Rate Revision:	10/01/2015
Filing Method of Last Filing:	Prior Approval
SERFF Tracking Number of Last Filing:	PRUD-129604736

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
The Prudential Insurance Company of America	19.000%	19.000%	\$524,080	2,533	\$2,758,318	19.000%	19.000%

State:	Pennsylvania	Filing Company:	The Prudential Insurance Company of America
TOI/Sub-TOI:	LTC03G Group Long Term Care/LTC03G.001 Qualified		
Product Name:	Group Long Term Care Insurance		
Project Name/Number:	GLTC-3 Re-Rate/7G-2018		

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Appendix D - Rate Pages	83500 BFW 5015, et al	Revised	Previous State Filing Number: PRUD-129604736 Percent Rate Change Request: 19	Appendix D - Rate Pages (PA GLTC3).pdf,

Appendix D
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan
Base Rates and Adjustment Factors
83500 BFW 5015

Page 1 of 5

Pennsylvania Rates Before Adjustments					
Long Term Care Base Plan Gross Annual Premiums					
Per \$100 of Nursing Home Daily Benefit					
Five Year Benefit / 90 Day Waiting Period					
Home Care Reimbursement Benefit Equal to 50% of Nursing Home Daily Benefit					
Issue Age	Periodic Inflation	Compound Inflation	Comp. Infl. w/ cap	Simple Inflation	No Inflation
18-25	\$ 118	\$ 459	\$ 172	\$ 212	\$ 115
26	124	479	182	224	120
27	131	501	193	237	126
28	137	523	204	250	133
29	144	547	217	265	140
30	152	571	230	280	147
31	159	597	244	296	154
32	167	624	259	313	162
33	176	652	274	331	170
34	185	681	291	350	179
35	194	712	308	370	188
36	204	744	327	392	197
37	214	777	347	414	207
38	225	812	367	438	217
39	236	848	390	463	228
40	248	886	413	490	240
41	263	928	442	521	254
42	278	972	472	553	268
43	294	1,018	505	588	283
44	311	1,067	540	625	300
45	329	1,117	577	664	317
46	348	1,170	617	706	335
47	369	1,225	660	751	354
48	390	1,283	705	798	374
49	413	1,344	754	848	396
50	436	1,408	806	901	418
51	471	1,486	870	965	451
52	508	1,568	938	1,032	487
53	548	1,655	1,012	1,105	526
54	592	1,747	1,091	1,182	568
55	639	1,843	1,177	1,265	613
56	689	1,946	1,269	1,354	661
57	744	2,053	1,369	1,449	714
58	803	2,167	1,477	1,551	771
59	866	2,287	1,593	1,659	832
60	935	2,414	1,718	1,776	898
61	1,014	2,502	1,824	1,869	976
62	1,101	2,593	1,938	1,966	1,060
63	1,195	2,688	2,058	2,069	1,152
64	1,297	2,786	2,186	2,177	1,251
65	1,408	2,887	2,322	2,291	1,359
66	1,528	3,056	2,502	2,454	1,475
67	1,658	3,235	2,695	2,629	1,600
68	1,799	3,424	2,904	2,816	1,736
69	1,953	3,625	3,128	3,017	1,884
70	2,119	3,837	3,370	3,232	2,044
71	2,351	4,146	3,697	3,541	2,269
72	2,609	4,481	4,056	3,880	2,519
73	2,895	4,843	4,449	4,252	2,796
74	3,212	5,234	4,881	4,659	3,104
75	3,564	5,656	5,355	5,105	3,445
76	3,962	6,155	5,871	5,609	3,832
77	4,405	6,697	6,438	6,162	4,263
78	4,897	7,288	7,059	6,771	4,741
79	5,444	7,931	7,740	7,439	5,274
80	6,053	8,630	8,487	8,173	5,866
81	6,524	9,168	9,041	8,735	6,334
82	7,032	9,740	9,632	9,335	6,839
83	7,579	10,348	10,262	9,976	7,384
84	8,169	10,993	10,932	10,661	7,973
85	8,805	11,679	11,647	11,394	8,608

Pennsylvania Rates
August 1, 2019

Appendix D
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan
Base Rates and Adjustment Factors
83500 BFW 5015

Page 2 of 5

Pennsylvania Rates Before Adjustments					
Long Term Care Base Plan Gross Annual Premiums					
Per \$100 of Nursing Home Daily Benefit					
Five Year Benefit / 90 Day Waiting Period					
Home Care Reimbursement Benefit Equal to 100% of Nursing Home Daily Benefit					
Issue Age	Periodic Inflation	Compound Inflation	Comp. Infl. w/ cap	Simple Inflation	No Inflation
18-25	\$ 145	\$ 565	\$ 210	\$ 260	\$ 140
26	152	590	222	275	147
27	160	616	236	291	155
28	169	643	250	308	163
29	177	672	265	326	171
30	187	701	282	345	180
31	196	732	299	365	189
32	207	765	317	386	199
33	217	799	336	408	209
34	229	834	357	432	220
35	240	871	378	457	231
36	253	909	401	483	243
37	266	950	426	511	255
38	280	992	452	540	268
39	295	1,035	479	572	282
40	310	1,081	508	605	297
41	328	1,131	543	642	314
42	347	1,182	580	682	332
43	367	1,236	619	724	352
44	389	1,293	662	769	372
45	411	1,352	707	816	394
46	436	1,414	755	866	417
47	461	1,479	806	920	441
48	488	1,546	861	977	467
49	516	1,617	920	1,037	494
50	546	1,691	983	1,101	523
51	588	1,780	1,057	1,175	563
52	633	1,873	1,136	1,254	606
53	682	1,971	1,221	1,338	653
54	734	2,075	1,312	1,428	703
55	790	2,183	1,411	1,523	757
56	850	2,298	1,516	1,626	815
57	915	2,418	1,630	1,735	877
58	985	2,545	1,752	1,851	944
59	1,060	2,678	1,883	1,975	1,017
60	1,141	2,819	2,024	2,107	1,095
61	1,231	2,910	2,140	2,209	1,182
62	1,328	3,004	2,263	2,315	1,277
63	1,432	3,100	2,393	2,426	1,379
64	1,545	3,200	2,530	2,542	1,489
65	1,666	3,304	2,676	2,664	1,608
66	1,802	3,483	2,870	2,842	1,738
67	1,948	3,673	3,079	3,033	1,879
68	2,107	3,872	3,303	3,236	2,031
69	2,279	4,083	3,543	3,452	2,196
70	2,464	4,305	3,800	3,684	2,374
71	2,723	4,631	4,148	4,015	2,625
72	3,009	4,981	4,527	4,375	2,903
73	3,326	5,358	4,941	4,769	3,210
74	3,675	5,763	5,393	5,197	3,550
75	4,062	6,199	5,886	5,664	3,925
76	4,489	6,712	6,419	6,187	4,340
77	4,961	7,267	7,001	6,758	4,800
78	5,483	7,868	7,635	7,382	5,308
79	6,060	8,519	8,327	8,064	5,870
80	6,697	9,223	9,081	8,808	6,491
81	7,181	9,757	9,632	9,366	6,972
82	7,700	10,321	10,216	9,959	7,489
83	8,257	10,918	10,836	10,590	8,045
84	8,853	11,550	11,493	11,260	8,642
85	9,493	12,218	12,190	11,974	9,283

Pennsylvania Rates
August 1, 2019

Appendix D
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan
Base Rates and Adjustment Factors
83500 BFW 5015

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Adjustment Factors - Benefit Period		
Benefit Period (Years)	Home Health Equal to 50% of Maximum Daily Benefit	Home Health Equal to 100% of Maximum Daily Benefit
2	0.72	0.69
3	0.85	0.83
4	0.94	0.93
5	1.00	1.00
10	1.23	1.25
Lifetime	1.30	1.33

Adjustment Factors - Benefit waiting/ Elimination Period	
Benefit waiting/elimination Period (days)	Premium Adjustment Factor
0	1.20
30	1.13
60	1.06
90	1.00
180	0.92
365	0.79

Adjustment Factors - to adjust ALF Benefit		
Home Health Percentage	Assisted Living Facility Benefit Percentage	
	50%	100%
50%	1.00	1.05
100%	0.97	1.00

Adjustment Factors - to adjust Adult Day Care Benefit		
Home Health Percentage	Adult Day Care Benefit Percentage	
	50%	100%
50%	1.00	1.02
100%	0.99	1.00

Adjustment Factors - Informal Caregiver Coverage	
Informal Caregiver Benefit as a percent of the Home Health Care Daily Maximum	Premium Adjustment Factor
0%	1.00
100%	1.04

Adjustment Factors - Premium Payment Mode	
Premium Payment Mode	Adjustment Factor
Annual	11.33
Semi-Annual	5.83
Quarterly	3.00
Monthly	1.00

Adjustment Factors - Billing/Administrative	
Administration	Premium Adjustment Factor
Complex and Direct Bill	1.05
Complex	1.03
Standard	1.00
Automated/ Direct Bill only	0.97

Pennsylvania Rates
August 1, 2019

Appendix D
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan
Base Rates and Adjustment Factors
83500 BFW 5015

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Adjustment Factors - Type of Medical Underwriting	
Underwriting	Premium Adjustment Factor*
Simplified Underwriting for Non-Employees (ages<65) and Guaranteed Issue for Employees	1.04
Simplified Underwriting for All Insureds with Issue Ages <65	1.03
Full Medical Underwriting for Non-Employees and Guaranteed Issue for Employees	1.00
Simplified Underwriting for Employees and Full Underwriting for Non-Employees	0.99
Full Medical Underwriting for all applicants	0.94

* Adjustment factors only apply to issue ages less than 65

Adjustment Factors - Employer Size	
Number of Eligible Employees	Premium Adjustment Factor
< 2,000	1.02
2,000 +	1.00

Adjustment Factors - Commission Rate Variations	
Level Commission Rate*	Premium Adjustment Factor
0%	1
1%	1.01
2%	1.02
3%	1.03
4%	1.04
5%	1.05
6%	1.06
7%	1.07
8%	1.08
9%	1.09
10%	1.1
11%	1.11
12%	1.12
13%	1.13
14%	1.14
15%	1.15
16%	1.16
17%	1.17
18%	1.18
19%	1.19
20%	1.20

*Or actuarially equivalent non-level commission schedules

Adjustment Factors - Core Business			
Issue Age	Core Premium Adjustment Factors for Various Employee Turnover Rate Scenarios Without Employer Subsidy After Retirement		
	Low	Medium	High
<= 30	0.93	0.68	0.56
40	0.91	0.77	0.72
50	0.83	0.81	0.8
60	0.74	0.74	0.74
>= 65	1.00	1.00	1.00

Adjustment Factors - Core Business			
Issue Age	Core Premium Adjustment Factors for Various Employee Turnover Rate Scenarios With Employer Subsidy After Retirement		
	Low	Medium	High
<= 30	1.39	0.93	0.74
40	1.46	1.19	1.11
50	1.39	1.34	1.33
60	1.22	1.22	1.22
>= 65	1.22	1.22	1.22

Adjustment Factors - Marketing Strategy	
Marketing Strategy	Premium Adjustment Factor
Minimal	0.97
Standard	1.00
Enhanced	1.03

Adjustment Factors - For Underwriting Judgement	
	Premium Adjustment Factor
Demographic-Based	.85 - 1.15

Pennsylvania Rates
August 1, 2019

Appendix D
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan
Base Rates and Adjustment Factors
83500 BFW 5015

Page 5 of 5

Adjustment Factors - Spouse Discounts				
Discount Applies to	Premium Adjustment Factor			
	5% Discount	10% Discount	15% Discount	20% Discount
Any Married	1.04	1.08	1.13	1.18
Married Persons if Both Spouses Apply	1.03	1.07	1.11	1.15

Adjustment Factors - Death Benefit	
Death Benefit Type	Premium Adjustment Factor
None	0.96
Minimum	0.99
Standard	1.00

Adjustment Factors - Monthly Benefit	
Benefit Type	Premium Adjustment Factor
Monthly	1.07
Daily	1.00

Adjustment Factors - Cash Benefit Rider	
Age	Cash Benefit Rider
< 65	1.70
65 and older	1.59

Adjustment Factors - Additional Rider	
Return of Premium	1.25
Shortened Benefit Period	1.11
Shared Waiver of Premium	1.03
Survivor Benefit	1.13

Adjustment Factors - Restoration of Benefits Riders	
Benefit Period (Years)	Restoration of Benefits
2	1.03
3	1.02
4	1.01
5	1.01
10	1.01
Lifetime	1.00

Adjustment Factors - Frequency of Periodic Inflation Offer	
Frequency of Offer	Premium Adjustment Factor
Every Year	1.03
Every Two Years	1.01
Every Three Years	1.00

Adjustment Factors - ADL Trigger	
ADL Benefit Trigger	Premium Adjustment Factor
2 of 5*	0.98
2 of 6	1.00

* Continence is excluded

Pennsylvania Rates
August 1, 2019

SERFF Tracking #:	PRUD-131789912	State Tracking #:	PRUD-131789912	Company Tracking #:	IIGHGLTC3RATE-RP-PA
State:	Pennsylvania	Filing Company:	The Prudential Insurance Company of America		
TOI/Sub-TOI:	LTC03G Group Long Term Care/LTC03G.001 Qualified				
Product Name:	Group Long Term Care Insurance				
Project Name/Number:	GLTC-3 Re-Rate/7G-2018				

Supporting Document Schedules

Satisfied - Item:	Transmittal Letter (A&H)
Comments:	
Attachment(s):	PA - Filing Cover Letter - 1-17-2019.pdf
Item Status:	
Status Date:	
Bypassed - Item:	Actuarial Certification (A&H)
Bypass Reason:	Please refer to Section 22, page 9, of the Actuarial Memorandum. The Actuarial Memorandum can be referenced on the Supporting Documentation Tab of this filing.
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Actuarial Memorandum and Explanatory Information (A&H)
Comments:	
Attachment(s):	PA - Act Memo - Revised Rates GLTC3.pdf PA All GLTC3 Rate Increase.pdf
Item Status:	
Status Date:	
Bypassed - Item:	Advertisements (A&H)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Authorization to File (A&H)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Insert Page Explanation (A&H)
Bypass Reason:	N/A
Attachment(s):	

State:	Pennsylvania	Filing Company:	The Prudential Insurance Company of America
TOI/Sub-TOI:	LTC03G Group Long Term Care/LTC03G.001 Qualified		
Product Name:	Group Long Term Care Insurance		
Project Name/Number:	GLTC-3 Re-Rate/7G-2018		

Item Status:	
Status Date:	

Bypassed - Item:	Rate Table (A&H)
Bypass Reason:	Please refer to Appendix D attached to the Rate Schedule Tab of this filing.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Replacement Form with Highlighted Changes (A&H)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Reserve Calculation (A&H)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Variability Explanation (A&H)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Filing Cover Letter - 1/17/2019
Comments:	
Attachment(s):	PA - Filing Cover Letter - 1-17-2019.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Appendix C - Description of Experience Analysis and Assumption Setting
Comments:	
Attachment(s):	Appendix C - Description of Experience Analysis and Assumption Setting.pdf
Item Status:	
Status Date:	

SERFF Tracking #:	PRUD-131789912	State Tracking #:	PRUD-131789912	Company Tracking #:	IIGHGLTC3RATE-RP-PA
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State:	Pennsylvania	Filing Company:	The Prudential Insurance Company of America
TOI/Sub-TOI:	LTC03G Group Long Term Care/LTC03G.001 Qualified		
Product Name:	Group Long Term Care Insurance		
Project Name/Number:	GLTC-3 Re-Rate/7G-2018		

Satisfied - Item:	Appendix C - Exhibit 1 - Mortality Details - GLTC
Comments:	
Attachment(s):	Appendix C - Exhibit 1 - Mortality Details - GLTC.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Appendix C - Exhibit 2 - Lapse Details - GLTC
Comments:	
Attachment(s):	Appendix C - Exhibit 2 - Lapse Details - GLTC.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Appendix C - Exhibit 3 - Morbidity Details- GLTC
Comments:	
Attachment(s):	Appendix C - Exhibit 3 - Morbidity Details - GLTC.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Certificateholder Advanced Notification Letter
Comments:	
Attachment(s):	Advance Notification Package .pdf
Item Status:	
Status Date:	



Keith Burns, ASA, MAAA
Vice President and Actuary
Financial Management

The Prudential Insurance Company of America
Long Term Care Unit
100 Mulberry Street
Gateway Center 2, 11th Floor
Newark, NJ 07102
Tel 402 715-4861
keith.burns@prudential.com

January 17, 2019

The Honorable Jessica Altman
Commissioner of Insurance
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Re.: The Prudential Insurance Company of America
NAIC #304-68241
Group Long Term Care Insurance
Form Numbers: 83500 BFW 5015, et al

Dear Commissioner Altman:

We enclose for your review a group long-term care insurance rate schedule change. We are requesting the approval or authorization of a premium rate increase for the above referenced forms.

Form series 83500 BFW 5015, et al were previously approved or authorized by the Department on July 2, 2004. The product was first made available nationwide in 2002. We are no longer actively marketing this coverage.

A previous rate schedule change under this series of forms was reviewed and acknowledged by the Department under SERFF tracking number PRUD-129604736 on July 18, 2014.

Some of Prudential's pricing assumptions for this series of forms, although based on the best information then available, were not consistent with our emerging experience. In view of these results, we are requesting a rate increase of 19% for the series of forms 83500 BFW 5005, et al in the state of Pennsylvania.

[Prudential is willing to implement this proposed rate increase over a period of two to three years in order to help mitigate the impact to the certificateholders.]

The rate increase is needed to help ensure that future premiums, in combination with existing reserves, will be adequate to fund anticipated claims. We will continue to monitor the performance of this block of business after this rate action. It is possible that as we continue to regularly review the experience of these series of forms, another increase may be needed in the future.

The deterioration of experience relative to pricing has contributed to the need to strengthen Prudential's Reserves, depleting surplus. In 2018 Prudential increased its pre-tax GAAP reserves by \$1.5 billion to account for the impact of revised assumptions due to recent deterioration in experience. This change in GAAP reserves was primarily driven by changes to our morbidity assumptions.

The requested rate increases will not restore original profit margins, but will help Prudential avoid additional losses as well as further depletion of its surplus. Approval of the requested rate increase will also help maintain equity amongst the states. Deferring rate increases will only increase the size of needed future rate increases.

After state approval or authorization is obtained, Prudential will establish an implementation date for impacted group contracts. The increase for impacted insureds will become effective on the first premium due date following the implementation of the rate increase established for their group. The earliest increase will be effective no earlier than August 1, 2019. Prudential will provide advance notice of the rate increase to the Group Contract Holder and certificateholders, according to the contractual and regulatory provisions.

We understand that a premium increase may be difficult for impacted insureds to absorb. Consequently, Prudential is prepared to offer options to enable policyholders to partially or fully offset the rate increase with benefit reductions such as reducing the Lifetime Maximum, decreasing their Daily Benefit Maximum, or dropping optional rider(s). Additionally, as an alternative, impacted insureds may also exercise their rights under a non-forfeiture benefit option or the plan's contingent non-forfeiture provision.

The following items are included with this submission:

- All Actuarial Material
- All Required Certifications
- State transmittal and checklists (If applicable)
- [Advance Notification Packet]

Correspondence: Please correspond directly with my associate concerning this filing.

Raenonna Prince, CLTC, LTCP
Lead Analyst
The Prudential Insurance Company of America
2101 Welsh Rd.
Dresher, PA 19025
Voice: (800) 732-0416 or (215) 658-6281
Fax: (888) 294-6335
e-mail: raenonna.prince@prudential.com

Very truly yours,



Keith Burns, ASA, MAAA
Vice President and Actuary

Enclosures

January 14, 2019
Actuarial Memorandum Supporting Rate Revision for
The Prudential Insurance Company of America
Group Long-Term Care Insurance Plan
Pennsylvania

1. Scope and Purpose

The purpose of this memorandum is to provide actuarial information supporting a rate revision to premiums for the following The Prudential Insurance Company of America's Tax-Qualified group long-term care Forms and their associated riders:

<u>Product Name</u>	<u>Form Number</u>
GLTC3	83500 BFW 5015

This product was first available nationwide in 2002. Some riders may not be available in all states. This rate filing is not intended to be used for other purposes.

These revisions are necessary because the current best estimate projections of the nationwide lifetime loss ratios are worse than the expected loss ratios. The higher lifetime loss ratios are due to adverse morbidity and persistency experience. In addition, GLTC3 was developed and filed under the rate stabilization requirements established in the 2000 LTC NAIC Model Regulation. The rate increase being requested meets the 58/85 loss ratio test established in the 2000 LTC NAIC Model Regulation.

Prudential is filing for premium rate increases in each state where policies of these forms were issued.

Upon approval of this rate revision, Prudential will communicate to policyholders their options to reduce the impact of the rate increase. There will also be opportunities for almost all certificate holders to keep the premium at or below the same level they were paying prior to the rate revision. These options will include reducing the lifetime maximum, reducing the daily benefit, eliminating optional riders. In addition, the contingent non-forfeiture benefit will be available for all certificate holders regardless of their age or rate increase amount.

Please refer to Section 20 for a description of the information contained in each Appendix included in the filing.

2. Description of Benefits

The policies issued on these forms are referred as the "GLTC3" product series. This plan was a Guaranteed Renewable, Group Long-Term Care policy that were issued to eligible active

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employees and retirees of employer groups and eligible members of association groups. In addition, coverage was offered to spouses, surviving spouses, parents, parents-in-law, grandparents, and adult children age 18 and older and their spouses of eligible active employees/retirees and members in these groups, or otherwise qualified adults.

This product provides comprehensive long-term care coverage for care received in a nursing home, assisted living facility, home and community-based care or hospice care. This product is intended to be a Tax Qualified Long Term Care Insurance Contracts as defined by the internal revenue code section 7702B(b).

This product reimburses covered long-term care expenses subject to the amount of coverage purchased. A benefit waiting / elimination period, daily or monthly maximum benefit amount for nursing home, assisted living facility and home and community care, lifetime maximum benefit period and inflation protection option are selected at issue. The Group client selects a limited number of benefit choices for their employees to choose from. Several optional riders were also available. The available choices can be found in the attached premium rate tables.

The benefit eligibility criteria is based on the insured's loss of the ability to perform activities of daily living (ADLs) or having a severe cognitive impairment. Activities of Daily Living are bathing, continence, dressing, eating, toileting, and transferring. Premiums will be waived beginning the first day of the next month following when LTC benefits are payable.

3. Renewability Clause

These products are Guaranteed Renewable, Group Long Term Care policies.

4. Applicability

The premium increase contained in this memorandum will be applicable to all certificate holders of the policy form and riders described in Section 1 as well as all future periodic inflation protection offers. The revised premium rate schedules can be found in Appendix D. For some groups where coverage was transferred from another carrier or entity the current premium rates were based on the previous rate schedule (or a multiple of this schedule) as described in an addendum to the original GLTC3 Actuarial Memorandum previously filed and approved in each state. For these groups the rate increase will be applied to those premium rates.

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5. Actuarial Assumptions

The actuarial assumptions used to project the future premiums and claims are described in this section. Appendix C provides further details of how the experience studies were conducted that were used to develop the actuarial assumptions. The assumptions used in this filing are Prudential's best estimate expectations of future experience as of the time of this filing and do not include any provisions for adverse experience. These assumptions are the basis for the assumptions being used in the company's internal cash flow testing.

Morbidity

The best estimate morbidity assumptions were developed based on a combination of Prudential's historical claim experience, the *Milliman 2014 Long Term Care Guidelines (Guidelines)* and judgment. The *Guidelines* reflect over 29 million life years of exposure and \$25 billion of incurred claims and the experience and judgment of Milliman actuaries. The policy design and coverages, the underwriting applied at the time, and the claim adjudication process were all considered when setting the claim cost assumptions. The claim cost assumptions reflect Prudential's current best estimate of future morbidity. The best estimate assumptions do not include an assumption for morbidity improvement. The assumptions do not include any adverse selection from the rate increase or loads for moderately adverse experience.

Mortality

The mortality assumptions were developed from a mortality study conducted on Prudential's experience and judgment. The current best estimate mortality assumption is the 2012 IAM Basic Table on an Age Last Birthday basis with mortality selection factors and mortality improvement. The mortality selection factors vary by issue age, gender and duration. The factors are generally below 1 in the early durations and grade to 1.05 in the ultimate (dur 30+) period. Future mortality improvement of 1% per year for 20 years (2018 through 2038) is assumed. We assumed all remaining policies would terminate at attained age 120. The assumptions do not include any loads for moderately adverse experience.

Lapses

The voluntary lapse assumptions were developed from a policy persistency study conducted on Prudential's experience and judgment. The voluntary lapse assumptions are our expectations for policy terminations, by duration, for reasons other than death, benefit exhaust or benefit buy-downs. These are separate from our shock lapse assumptions which we define as terminations

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due to rate increases. The lapse assumptions represent the current best estimate expectations of future experience and do not include any provisions for adverse experience. Lastly, the projections include an annualized shock lapse rate of 3.3% assumed over the expected implementation period. This annual shock lapse rate represents the estimated impact of policyholders lapsing their policy due to the rate increase but maintaining a nonforfeiture benefit as well as policyholders electing benefit reductions. Voluntary lapse rates are shown below and vary by policy duration. For “Core” business, where the employer pays for the coverage, the lapse rate is 24.1%, grades to an ultimate rate of 4.5% by attained age 65 and is 0.6% AA 65+. For one specific large group, based on the credible experience of that group, the lapse rate is 0.7% and grades to an ultimate rate of 0.4% by duration 30.

Duration	All except Core and large group client	Core*	Large Group Client**
1	8.2%	24.1%	0.7%
2	5.7%	24.1%	0.7%
3	4.8%	13.5%	0.7%
4	2.1%	13.5%	0.7%
5	2.1%	13.5%	0.7%
6	2.1%	8.0%	0.7%
7	2.1%	8.0%	0.7%
8	2.1%	8.0%	0.7%
9	2.0%	8.0%	0.7%
10	1.5%	5.8%	0.65%
11	1.5%	4.5%	0.65%
12	0.9%	4.5%	0.65%
13	0.8%	4.5%	0.65%
14	0.7%	4.5%	0.65%
15	0.65%	4.5%	0.65%
16+	0.6%	4.5%	0.65%

*0.6% ultimate lapse rate at AA 65

** Dur 30+ is 0.6%

Interest Rate

An annual interest rate of 4.0% was used to calculate the lifetime loss ratio in the supporting appendices. This was determined based on the predominant number of certificates issued in years that the maximum statutory valuation rate was 4.0%.

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Expenses

The need for a rate increase is based on the lifetime loss ratio being in excess of the minimum loss ratio. Expenses do not directly impact the lifetime loss ratio and therefore are not used as justification for the rate increase. As such, expenses are not being projected and are not included in this filing.

6. Issue Age Range

This product was available for issue ages up to 85. Premiums are based on issue age.

7. Area Factors

The Company did not use area factors within the state in the premium scale for this product.

8. Average Annual Premium

The average annual premium for this product for both prior to the impact of the requested rate increase, and after, is indicated in Appendix A to this memorandum.

9. Modal Premium Factors

Modal loads are required because of the varied expenses incurred by the Company and the effect of interest and persistency. The modal premium factors will remain unchanged from the current factors.

10. Claim Liability and Reserve

Claim reserves were calculated using appropriate actuarial methods for IBNR and for open claims on a disabled life basis. The claim reserves were discounted to the date of incurral for each claim and have been included in the historical incurred claims.

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11. Active Life Reserves

We have provided supporting evidence for the justification of the proposed increase based on the relationship of incurred claims divided by earned premium compared to the minimum required loss ratios. Incurred claims exclude any change in active life reserves.

12. Trend Assumption

Benefits payable are equal to or less than the daily or monthly benefit limit. We have not included any medical trend in the projections.

13. Requested Rate Increase and Demonstration of Satisfaction of Loss Ratio Requirements

Prudential is requesting a 19.0% premium increase, to be applied to all GLTC3 inforce certificate holders.

Satisfaction of the loss ratio requirement is demonstrated in Appendix A. The demonstration is based on a 58% loss ratio on the initial premium and an 85% loss ratio on the increased premium. This approach requires that the sum of the historical and projected future incurred claims must exceed the sum of 58% of the initial premium and 85% of the increased premium.

14. Distribution of Business

The historical experience reflects the actual distribution of policies during the experience period. We used the current distribution of business as of June 30, 2018 to project future experience. Appendix E contains the distribution of the inforce policies by key demographic and benefit characteristics.

15. Experience – Past and Future

The historical and projected nationwide, both with and without the rate increase, is contained in Appendix B. Note that there is no margin for adverse deviation in the future incurred claim

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projections in Appendix B. Additionally, the historical and projected nationwide experience provided is on a Pennsylvania rate basis to avoid subsidization amongst states.

The historical and projected experience for this state, both with and without the rate increase, is contained in Appendix F. Note that is no margin for adverse deviation in the future incurred claim projections in Appendix F.

For several groups Prudential replaced another insurer and reserves were transferred from the other insurer to Prudential. Those reserves were added to the historical premium in the year of the transfer. Any premium and claims prior to the transfer is not included.

Historical experience is shown by claim incurral year.

16. Lifetime Loss Ratio

The anticipated nationwide lifetime loss ratios, both without a rate increase and with the requested rate increase, are shown in Appendix A. The development of these nationwide lifetime loss ratios is shown in Appendix B.

The rate increase is assumed effective August 1, 2019 in our projections.

17. History of Rate Adjustments

There have been no previous rate increases on inforce policyholders with this policy form.

18. Number of Policyholders

The current number of policyholders as of June 30, 2018 can be found in Appendix A.

19. Proposed Effective Date

This rate revision will be implemented following state approval and a minimum of a 60 day notification to the certificate holder. Implementation will be no earlier than August 1, 2019.

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20. Summary of Appendices

Appendix A primarily contains information that is specific to the state in which this filing is made. Examples of some items included are the requested rate increase, the average annual premium, demonstration of meeting required minimum loss ratio standards, the number of policyholders inforce, etc.

Appendix B contains historical and projected nationwide experience for all policies issued under this form on a Pennsylvania state rate basis. The appendix also includes the projected lifetime loss ratios both without and with the proposed increase. Note that is no margin for adverse deviation in the future incurred claim projections in Appendix B.

Appendix C describes the development of the best estimate morbidity, mortality and voluntary lapse assumptions and contains three exhibits that show actual to expected experience. The expected values in these exhibits reflect Prudential's current assumptions at the time of this filing. Actual to expected results close to 100% demonstrates that the current assumptions are reasonable compared to the actual results.

Appendix D contains the premium rate pages associated with this filing.

Appendix E contains the distribution of the inforce policies by key demographic and benefit characteristics.

Appendix F contains the same information as Appendix B except it contains only state specific experience and projections.

21. Relationship of Renewal Premium to New Business Premium.

Prudential is no longer selling any new Long-Term Care business. Therefore, the comparison of renewal premium rates after the rate increase to the Company's current new business premium rate schedule is not applicable.

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22. Actuarial Certification

I am a member of the American Academy of Actuaries. I meet the Academy's qualification standards for rendering this opinion and am familiar with the requirements for filing long term care insurance premiums.

To the best of my knowledge and judgment this rate filing is in compliance with the applicable laws and regulations of this State as they relate to premium rate developments and revisions.

The policy design and coverages, the underwriting used at the time of issue, and the claim adjudication process were all considered when setting the actuarial assumptions.

In forming my opinion, I have used actuarial assumptions and actuarial methods as I considered necessary. The pricing assumptions are consistent with Prudential's current best estimates and do not include a margin for adverse experience. These assumptions are used to calculate the new target lifetime loss ratio as shown in Appendix A, Section 22a.

The premium rates are not excessive or unfairly discriminatory. If the requested premium increase is implemented and the underlying assumptions with a 10% load for moderately adverse conditions are realized, no further premium rate schedule increases are anticipated.

If the future experience deteriorates beyond the 10% moderately adverse load to future incurred claims, and exceeds the lifetime ratio shown in Appendix A, Section 22b, Prudential may need to file for additional in-force premium increases on these forms. At that time, the requested increase would be recalculated to manage the block to the target lifetime loss ratio as shown in Appendix A, Section 22a.



Keith Burns, ASA, MAAA
Vice President and Actuary
Prudential Long Term Care

January 14, 2019

Appendix A
The Prudential Insurance Company of America
GLTC3

Pennsylvania

Requested Rate Increase

<u>Benefit Type</u>	<u>Requested Amount</u>
All	19.0%

8. Average Annual Premium

<u>Rate Basis</u>	<u>Pennsylvania</u>	<u>Nationwide</u>
Without Increase	\$1,089	\$1,558
With Increase	\$1,296	\$1,854

13. Satisfaction of Loss Ratio Requirements

Rate Stability Requirement:

1) Total Incurred Claims	\$3,793,756,320
58% of initial premium	\$1,612,025,710
85% of increased premium	\$741,860,574
2) Sum of 58%/85% premium	\$2,353,886,284
Is 1 greater than 2?	Yes

16. Lifetime Loss Ratio

<u>Policy type</u>	<u>Without Increase</u>	<u>With Increase</u>
All	114%	104%

17. History of Rate Adjustments

40.0% Implemented on 10/1/2015

18. Number of Policyholders and Annualized Premium as of June 30, 2018

<u>Policy type</u>	<u>Policies Inforce</u>		<u>Premium Inforce</u>	
	<u>Pennsylvania</u>	<u>Nationwide</u>	<u>Pennsylvania</u>	<u>Nationwide</u>
All	2,533	83,073	\$2,758,318	\$129,426,538

22. Projected Loss Ratio

(a) Expected target lifetime loss ratio with rate increase	104%
(b) Lifetime loss ratio with rate increase and 10% moderately adverse load to future incurred claims	113%

Appendix B
The Prudential Insurance Company of America
Historical and Projected Experience
Nationwide Experience
Pennsylvania Premium Rate Basis
GLTC3

Historical

Calendar Year	Earned Premium	Reserve Transfer	Earned Premium + Reserve Transfer	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	1,306,260	0	1,306,260	296	0	296	0%
2003	3,957,677	0	3,957,677	626,204	257,869	884,073	22%
2004	12,892,534	0	12,892,534	1,738,528	131,798	1,870,326	15%
2005	19,090,653	0	19,090,653	2,486,818	348,640	2,835,458	15%
2006	22,506,850	0	22,506,850	3,105,755	236,281	3,342,036	15%
2007	33,591,266	0	33,591,266	7,082,176	633,066	7,715,242	23%
2008	53,699,554	60,192,704	113,892,258	10,046,230	1,005,627	11,051,857	10%
2009	77,219,955	69,698,228	146,918,183	17,687,669	1,978,776	19,666,445	13%
2010	90,999,866	33,682,373	124,682,239	24,089,455	3,344,483	27,433,938	22%
2011	97,682,927	0	97,682,927	26,964,952	3,837,831	30,802,782	32%
2012	100,485,093	657,624	101,142,717	28,964,144	5,474,876	34,439,020	34%
2013	103,119,253	0	103,119,253	30,030,841	8,103,220	38,134,061	37%
2014	105,098,061	0	105,098,061	28,954,373	15,900,785	44,855,158	43%
2015	109,006,393	0	109,006,393	28,330,701	23,839,857	52,170,558	48%
2016	135,028,971	0	135,028,971	20,367,556	33,663,291	54,030,846	40%
2017	140,904,830	0	140,904,830	9,889,148	53,250,621	63,139,769	45%
2018*	76,027,985	0	76,027,985	609,660	28,309,816	28,919,476	38%

Projection without Rate Increase

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	72,657,767	34,311,028	47%
2019	142,342,070	73,110,842	51%
2020	138,368,170	78,913,949	57%
2021	134,405,894	85,194,605	63%
2022	130,430,462	91,852,040	70%
2023	126,425,309	98,883,889	78%
2024	122,382,022	106,420,315	87%
2025	118,290,681	114,467,679	97%
2026	114,142,872	123,122,090	108%
2027	109,933,567	132,270,493	120%
2028	105,661,480	141,946,728	134%
2029	101,327,484	152,055,991	150%
2030	96,930,587	162,537,850	168%
2031	92,474,037	173,212,785	187%
2032	87,965,937	183,797,514	209%
2033	83,413,215	194,223,101	233%
2034	78,826,162	204,305,425	259%
2035	74,220,237	213,723,278	288%
2036	69,616,214	222,155,536	319%
2037	65,037,863	229,489,289	353%
2038	60,510,839	235,774,955	390%
2039	56,052,165	240,820,362	430%
2040	51,673,357	244,326,648	473%
2041	47,403,409	246,151,847	519%
2042	43,272,093	246,531,768	570%
2043	39,303,385	245,310,031	624%
2044	35,520,258	242,602,502	683%
2045	31,938,514	238,444,069	747%
2046	28,571,150	232,881,346	815%
2047	25,428,335	225,962,815	889%
2048	22,515,176	217,799,461	967%
2049	19,835,069	208,640,782	1052%
2050	17,386,159	198,682,661	1143%
2051	15,164,132	188,164,403	1241%
2052	13,162,108	177,233,300	1347%
2053	11,369,851	166,141,615	1461%
2054	9,776,406	155,162,482	1587%
2055	8,368,757	144,519,700	1727%
2056	7,133,001	134,218,843	1882%
2057+	36,033,119	1,254,589,743	3482%

* Historical 2018 Experience - 1/1/2018 through 6/30/2018

** Projected 2018 Experience - 7/1/2018 through 12/31/2018

Projection with Rate Increase

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	72,657,767	34,311,028	47%
2019	148,695,946	72,660,800	49%
2020	158,398,753	77,245,120	49%
2021	154,664,895	83,276,463	54%
2022	150,090,245	89,740,640	60%
2023	145,481,396	96,561,996	66%
2024	140,828,664	103,869,663	74%
2025	136,120,636	111,668,951	82%
2026	131,347,627	120,054,937	91%
2027	126,503,854	128,922,896	102%
2028	121,587,835	138,305,565	114%
2029	116,600,576	148,105,419	127%
2030	111,540,935	158,262,592	142%
2031	106,412,649	168,603,009	158%
2032	101,225,043	178,851,277	177%
2033	95,986,089	188,940,190	197%
2034	90,707,630	198,692,063	219%
2035	85,407,453	207,796,664	243%
2036	80,109,466	215,940,889	270%
2037	74,841,021	223,014,635	298%
2038	69,631,637	229,068,454	329%
2039	64,500,908	233,916,832	363%
2040	59,462,082	237,269,635	399%
2041	54,548,525	238,989,931	438%
2042	49,794,496	239,307,696	481%
2043	45,227,584	238,072,219	526%
2044	40,874,227	235,397,083	576%
2045	36,752,607	231,317,320	629%
2046	32,877,679	225,878,891	687%
2047	29,261,148	219,129,643	749%
2048	25,908,888	211,177,613	815%
2049	22,824,809	202,264,871	886%
2050	20,006,775	192,581,772	963%
2051	17,449,822	182,360,235	1045%
2052	15,146,033	171,742,915	1134%
2053	13,083,629	160,973,973	1230%
2054	11,250,004	150,317,700	1336%
2055	9,630,179	139,990,635	1454%
2056	8,208,158	129,997,969	1584%
2057+	41,464,390	1,214,370,019	2929%

Loss Ratio Summaries

Accumulated Value of Historical to 6/30/2018	1,696,683,520	503,652,057	30%	1,696,683,520	503,652,057	30%
Present Value of Future to 6/30/2018	1,722,017,353	3,381,722,648	196%	1,955,448,299	3,290,104,263	168%
Total Values	3,418,700,873	3,885,374,705	114%	3,652,131,818	3,793,756,320	104%
(Discounted at 4.0%)						

Projected Loss Ratio						
Overall		Without Increase	114%		With Increase	104%

Minimum Lifetime Loss Ratio 60%

Appendix F
The Prudential Insurance Company of America
Historical and Projected Experience
Pennsylvania Experience
Pennsylvania Premium Rate Basis
GLTC3

Historical

Calendar Year	Earned Premium	Reserve Transfer	Earned Premium + Reserve Transfer	Paid Claims	Claim Reserve	Incurred Claims	Incurred Ratio
2002	0	0	0	0	0	0	0%
2003	0	0	0	0	0	0	0%
2004	1,274	0	1,274	0	0	0	0%
2005	12,727	0	12,727	265,953	0	265,953	2090%
2006	118,289	0	118,289	0	0	0	0%
2007	306,925	0	306,925	0	0	0	0%
2008	549,522	0	549,522	0	0	0	0%
2009	2,174,660	0	2,174,660	0	0	0	0%
2010	2,228,646	0	2,228,646	189,167	42,525	231,693	10%
2011	2,182,304	0	2,182,304	100,119	0	100,119	5%
2012	2,212,781	0	2,212,781	354,698	0	354,698	16%
2013	2,218,308	0	2,218,308	3,166	0	3,166	0%
2014	2,214,386	0	2,214,386	0	0	0	0%
2015	2,433,760	0	2,433,760	78,565	0	78,565	3%
2016	2,596,981	0	2,596,981	84,892	0	84,892	3%
2017	2,688,265	0	2,688,265	75,787	445,921	521,709	19%
2018*	1,361,680	0	1,361,680	0	116,689	116,689	9%

Projection without Rate Increase

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	1,369,353	173,853	13%
2019	2,691,704	383,854	14%
2020	2,633,916	434,634	17%
2021	2,584,200	489,906	19%
2022	2,536,311	551,981	22%
2023	2,489,389	626,408	25%
2024	2,442,488	706,653	29%
2025	2,394,739	798,127	33%
2026	2,345,360	912,594	39%
2027	2,294,072	1,042,844	45%
2028	2,240,675	1,184,954	53%
2029	2,184,926	1,338,717	61%
2030	2,126,665	1,527,192	72%
2031	2,065,699	1,732,788	84%
2032	2,001,757	1,955,178	98%
2033	1,934,655	2,192,659	113%
2034	1,863,705	2,443,716	131%
2035	1,787,695	2,698,945	151%
2036	1,706,710	2,950,728	173%
2037	1,621,158	3,198,242	197%
2038	1,531,488	3,432,123	224%
2039	1,438,686	3,652,759	254%
2040	1,344,478	3,845,202	286%
2041	1,249,837	4,010,629	321%
2042	1,155,449	4,145,601	359%
2043	1,061,974	4,242,016	399%
2044	970,237	4,303,148	444%
2045	881,132	4,327,564	491%
2046	795,805	4,314,150	542%
2047	714,624	4,260,072	596%
2048	637,819	4,177,140	655%
2049	565,930	4,070,314	719%
2050	499,423	3,947,926	790%
2051	438,733	3,803,849	867%
2052	383,670	3,637,093	948%
2053	333,895	3,457,248	1035%
2054	289,291	3,269,147	1130%
2055	249,681	3,078,871	1233%
2056	214,867	2,899,327	1349%
2057+	1,208,399	32,706,871	2707%

* Historical 2018 Experience - 1/1/2018 through 6/30/2018

** Projected 2018 Experience - 7/1/2018 through 12/31/2018

Projection with Rate Increase

Calendar Year	Earned Premium	Incurred Claims	Incurred Ratio
2018**	1,369,353	173,853	13%
2019	2,811,856	381,004	14%
2020	3,015,210	423,730	14%
2021	2,973,717	476,984	16%
2022	2,918,609	537,313	18%
2023	2,864,614	609,630	21%
2024	2,810,644	687,569	24%
2025	2,755,697	776,396	28%
2026	2,698,876	887,565	33%
2027	2,639,857	1,014,062	38%
2028	2,578,412	1,152,047	45%
2029	2,514,259	1,301,320	52%
2030	2,447,218	1,484,287	61%
2031	2,377,062	1,683,825	71%
2032	2,303,482	1,899,621	82%
2033	2,226,266	2,129,997	96%
2034	2,144,621	2,373,483	111%
2035	2,057,154	2,620,938	127%
2036	1,963,963	2,864,951	146%
2037	1,865,515	3,104,745	166%
2038	1,762,329	3,331,213	189%
2039	1,655,540	3,544,748	214%
2040	1,547,132	3,730,857	241%
2041	1,438,224	3,890,700	271%
2042	1,329,609	4,020,998	302%
2043	1,222,045	4,113,864	337%
2044	1,116,480	4,172,498	374%
2045	1,013,945	4,195,531	414%
2046	915,756	4,181,894	457%
2047	822,339	4,128,887	502%
2048	733,958	4,047,939	552%
2049	651,232	3,943,877	606%
2050	574,701	3,824,789	666%
2051	504,863	3,684,740	730%
2052	441,501	3,522,795	798%
2053	384,223	3,348,226	871%
2054	332,896	3,165,721	951%
2055	287,316	2,981,167	1038%
2056	247,254	2,807,053	1135%
2057+	1,390,540	31,648,962	2276%

Loss Ratio Summaries

Accumulated Value of Historical to 6/30/2018	28,322,484	2,184,938	8%	28,322,484	2,184,938	8%
Present Value of Future to 6/30/2018	36,835,346	46,073,535	125%	41,894,034	44,709,537	107%
Total Values	65,157,830	48,258,473	74%	70,216,518	46,894,475	67%
(Discounted at 4.0%)						

Projected Loss Ratio		Without Increase		With Increase
Overall		74%		67%

Appendix E
The Prudential Insurance Company of America
Distribution of Inforce Business as of June 30, 2018
GLTC3

	Count	% of Count	Premium	% of Premium
Issue Year				
2002	1,713	2.1%	3,549,157	2.7%
2003	683	0.8%	1,415,892	1.1%
2004	7,439	9.0%	12,243,060	9.5%
2005	3,314	4.0%	5,730,874	4.4%
2006	3,539	4.3%	5,211,398	4.0%
2007	7,109	8.6%	10,818,298	8.4%
2008	20,751	25.0%	29,390,642	22.7%
2009	23,615	28.4%	37,504,630	29.0%
2010	8,512	10.2%	14,753,518	11.4%
2011	2,663	3.2%	3,688,626	2.8%
2012	1,988	2.4%	2,627,331	2.0%
2013	1,643	2.0%	2,316,340	1.8%
2014	67	0.1%	106,604	0.1%
2015	19	0.0%	33,089	0.0%
2016	15	0.0%	32,644	0.0%
2017	2	0.0%	3,524	0.0%
2018	1	0.0%	913	0.0%
Total	83,073	100.0%	129,426,538	100.0%

Issue Age				
Under 30	2,766	3.3%	1,122,724	0.9%
30-34	4,455	5.4%	2,840,609	2.2%
35-39	7,466	9.0%	6,095,386	4.7%
40-44	10,720	12.9%	11,470,939	8.9%
45-49	14,104	17.0%	18,550,505	14.3%
50-54	17,148	20.6%	27,923,562	21.6%
55-59	14,618	17.6%	29,606,614	22.9%
60-64	8,617	10.4%	21,699,247	16.8%
65-69	2,524	3.0%	7,618,037	5.9%
70-74	534	0.6%	1,929,319	1.5%
75-79	105	0.1%	471,239	0.4%
80+	16	0.0%	98,357	0.1%
Total	83,073	100.0%	129,426,538	100.0%

Average Issue Age 49.1

Appendix E
The Prudential Insurance Company of America
Distribution of Inforce Business as of June 30, 2018
GLTC3

	Count	% of Count	Premium	% of Premium
Attained Age				
Under 30	74	0.1%	18,503	0.0%
30-34	367	0.4%	63,773	0.0%
35-39	917	1.1%	245,285	0.2%
40-44	1,877	2.3%	738,715	0.6%
45-49	3,658	4.4%	2,028,515	1.6%
50-54	6,335	7.6%	4,850,512	3.7%
55-59	10,215	12.3%	10,122,498	7.8%
60-64	14,761	17.8%	19,294,261	14.9%
65-69	16,253	19.6%	26,747,769	20.7%
70-74	13,747	16.5%	27,790,536	21.5%
75-79	7,704	9.3%	18,412,044	14.2%
80+	7,165	8.6%	19,114,127	14.8%
Total	83,073	100.0%	129,426,538	100.0%

Average Attained Age 64.8

Gender				
Male	36,020	43.4%	57,626,207	44.5%
Female	47,053	56.6%	71,800,331	55.5%
Total	83,073	100.0%	129,426,538	100.0%

Inflation Option				
No Inflation	2,304	2.8%	427,310	0.3%
GPO	67,902	81.7%	101,882,884	78.7%
5% Simple Lifetime	542	0.7%	536,929	0.4%
5% Compound Lifetime	12,325	14.8%	26,579,416	20.5%
Total	83,073	100.0%	129,426,538	100.0%

Elimination Period				
30 Day	2,148	2.6%	3,275,901	2.5%
60 Day	2,052	2.5%	3,745,945	2.9%
90 Day	78,769	94.8%	122,207,750	94.4%
180 Day	23	0.0%	24,289	0.0%
365 Day	81	0.1%	172,653	0.1%
Total	83,073	100.0%	129,426,538	100.0%

Benefit Period				
2 Years	1,606	1.9%	1,083,392	0.8%
3 Years	18,982	22.8%	24,152,851	18.7%
5 Years	52,724	63.5%	84,979,519	65.7%
7 Years	2,326	2.8%	5,161,398	4.0%
10 Years	4,953	6.0%	8,807,242	6.8%
Lifetime	2,482	3.0%	5,242,137	4.1%
Total	83,073	100.0%	129,426,538	100.0%

Appendix E
The Prudential Insurance Company of America
Distribution of Inforce Business as of June 30, 2018
GLTC3

	Count	% of Count	Premium	% of Premium
Premium Period				
Lifetime	83,073	100.0%	129,426,538	100.0%
Total	83,073	100.0%	129,426,538	100.0%

Marital Status				
Composite	55,039	66.3%	84,484,856	65.3%
Married	17,337	20.9%	25,891,557	20.0%
Single	10,697	12.9%	19,050,126	14.7%
Total	83,073	100.0%	129,426,538	100.0%

Insured Type				
Employee	53,169	64.0%	76,997,375	59.5%
Spouse	19,019	22.9%	30,593,502	23.6%
Assoc	4,368	5.3%	7,193,747	5.6%
Other	6,517	7.8%	14,641,914	11.3%
Total	83,073	100.0%	129,426,538	100.0%

Underwriting Category				
Full	27,761	33.4%	48,962,363	37.8%
Guaranteed Issue (Including Core)	53,154	64.0%	76,964,709	59.5%
Simplified Issue	2,158	2.6%	3,499,467	2.7%
Total	83,073	100.0%	129,426,538	100.0%

Benefit Measure				
Daily	80,484	96.9%	125,127,573	96.7%
Monthly	2,589	3.1%	4,298,965	3.3%
Total	83,073	100.0%	129,426,538	100.0%

Cash Benefit Option				
Cash	716	0.9%	867,709	0.7%
Reimbursement	82,357	99.1%	128,558,830	99.3%
Total	83,073	100.0%	129,426,538	100.0%

Appendix E
The Prudential Insurance Company of America
Distribution of Inforce Business as of June 30, 2018
GLTC3

	Count	% of Count	Premium	% of Premium
Issue State				
AK	32	0.0%	53,627	0.0%
AL	304	0.4%	501,080	0.4%
AR	190	0.2%	254,527	0.2%
AZ	640	0.8%	1,281,776	1.0%
CA	1,600	1.9%	2,079,812	1.6%
CO	154	0.2%	199,685	0.2%
CT	3,874	4.7%	6,251,584	4.8%
DC	352	0.4%	512,199	0.4%
DE	1,149	1.4%	1,755,344	1.4%
FL	1	0.0%	1,398	0.0%
GA	582	0.7%	613,777	0.5%
HI	11	0.0%	23,770	0.0%
IA	218	0.3%	353,479	0.3%
ID	526	0.6%	851,486	0.7%
IL	2,648	3.2%	2,544,500	2.0%
IN	1,582	1.9%	1,922,060	1.5%
KS	611	0.7%	788,114	0.6%
KY	256	0.3%	399,247	0.3%
LA	557	0.7%	701,138	0.5%
MA	1,225	1.5%	1,799,862	1.4%
MD	1,710	2.1%	2,789,612	2.2%
ME	396	0.5%	549,887	0.4%
MI	916	1.1%	1,368,449	1.1%
MN	1,813	2.2%	2,355,615	1.8%
MO	1,020	1.2%	1,495,753	1.2%
MS	243	0.3%	355,362	0.3%
MT	84	0.1%	128,856	0.1%
NC	3,660	4.4%	6,415,836	5.0%
NE	284	0.3%	428,309	0.3%
NH	276	0.3%	453,992	0.4%
NJ	6,657	8.0%	12,254,720	9.5%
NM	301	0.4%	389,661	0.3%
NV	259	0.3%	396,548	0.3%
NY	8,695	10.5%	14,653,829	11.3%
OH	16,651	20.0%	28,667,800	22.1%
OK	467	0.6%	613,133	0.5%
OR	504	0.6%	765,188	0.6%
PA	2,533	3.0%	2,758,318	2.1%
SC	7,602	9.2%	12,966,898	10.0%
SD	62	0.1%	108,423	0.1%
TN	572	0.7%	917,993	0.7%
TX	3,210	3.9%	3,743,482	2.9%
UT	3,930	4.7%	5,987,082	4.6%
VA	3,589	4.3%	4,496,516	3.5%
VT	55	0.1%	96,235	0.1%
WA	786	0.9%	902,271	0.7%
WI	286	0.3%	478,309	0.4%
Total	83,073	100.0%	129,426,538	100.0%

Appendix E
The Prudential Insurance Company of America
Pennsylvania Distribution of Inforce Business as of June 30, 2018
GLTC3

	Count	% of Count	Premium	% of Premium
Issue Year				
2002	0	0.0%	0	0.0%
2003	0	0.0%	0	0.0%
2004	0	0.0%	0	0.0%
2005	0	0.0%	0	0.0%
2006	308	12.2%	295,854	10.7%
2007	313	12.4%	123,780	4.5%
2008	380	15.0%	266,341	9.7%
2009	1,231	48.6%	1,872,014	67.9%
2010	78	3.1%	54,772	2.0%
2011	84	3.3%	50,181	1.8%
2012	92	3.6%	63,203	2.3%
2013	47	1.9%	32,174	1.2%
2014	0	0.0%	0	0.0%
2015	0	0.0%	0	0.0%
2016	0	0.0%	0	0.0%
2017	0	0.0%	0	0.0%
2018	0	0.0%	0	0.0%
Total	2,533	100.0%	2,758,318	100.0%

Issue Age				
Under 30	145	5.7%	22,810	0.8%
30-34	154	6.1%	35,638	1.3%
35-39	222	8.8%	74,556	2.7%
40-44	320	12.6%	185,228	6.7%
45-49	386	15.2%	311,760	11.3%
50-54	512	20.2%	611,045	22.2%
55-59	521	20.6%	884,766	32.1%
60-64	211	8.3%	452,785	16.4%
65-69	55	2.2%	155,853	5.7%
70-74	6	0.2%	18,488	0.7%
75-79	1	0.0%	5,390	0.2%
80+	0	0.0%	0	0.0%
Total	2,533	100.0%	2,758,318	100.0%

Average Issue Age 48.3

Appendix E
The Prudential Insurance Company of America
Pennsylvania Distribution of Inforce Business as of June 30, 2018
GLTC3

	Count	% of Count	Premium	% of Premium
Attained Age				
Under 30	14	0.6%	2,308	0.1%
30-34	50	2.0%	7,009	0.3%
35-39	103	4.1%	18,290	0.7%
40-44	147	5.8%	37,411	1.4%
45-49	221	8.7%	81,227	2.9%
50-54	322	12.7%	190,579	6.9%
55-59	414	16.3%	345,456	12.5%
60-64	513	20.3%	649,337	23.5%
65-69	501	19.8%	850,326	30.8%
70-74	201	7.9%	438,539	15.9%
75-79	40	1.6%	115,616	4.2%
80+	7	0.3%	22,220	0.8%
Total	2,533	100.0%	2,758,318	100.0%

Average Attained Age 57.7

Gender				
Male	1,193	47.1%	1,359,516	49.3%
Female	1,340	52.9%	1,398,802	50.7%
Total	2,533	100.0%	2,758,318	100.0%

Inflation Option				
No Inflation	0	0.0%	0	0.0%
GPO	2,052	81.0%	1,780,860	64.6%
5% Simple Lifetime	0	0.0%	0	0.0%
5% Compound Lifetime	481	19.0%	977,458	35.4%
Total	2,533	100.0%	2,758,318	100.0%

Elimination Period				
30 Day	0	0.0%	0	0.0%
60 Day	0	0.0%	0	0.0%
90 Day	2,533	100.0%	2,758,318	100.0%
180 Day	0	0.0%	0	0.0%
365 Day	0	0.0%	0	0.0%
Total	2,533	100.0%	2,758,318	100.0%

Benefit Period				
2 Years	100	3.9%	127,978	4.6%
3 Years	2,196	86.7%	2,202,433	79.8%
5 Years	179	7.1%	333,498	12.1%
7 Years	37	1.5%	43,949	1.6%
10 Years	21	0.8%	50,460	1.8%
Lifetime	0	0.0%	0	0.0%
Total	2,533	100.0%	2,758,318	100.0%

Appendix E
The Prudential Insurance Company of America
Pennsylvania Distribution of Inforce Business as of June 30, 2018
GLTC3

	Count	% of Count	Premium	% of Premium
Premium Period				
Lifetime	2,533	100.0%	2,758,318	100.0%
Total	2,533	100.0%	2,758,318	100.0%

Marital Status				
Composite	1,136	44.8%	557,767	20.2%
Married	1,032	40.7%	1,630,888	59.1%
Single	365	14.4%	569,662	20.7%
Total	2,533	100.0%	2,758,318	100.0%

Insured Type				
Employee	2,096	82.7%	2,087,719	75.7%
Spouse	397	15.7%	612,335	22.2%
Assoc	0	0.0%	0	0.0%
Other	40	1.6%	58,264	2.1%
Total	2,533	100.0%	2,758,318	100.0%

Underwriting Category				
Full	375	14.8%	575,412	20.9%
Guaranteed Issue (Including Core)	2,096	82.7%	2,087,719	75.7%
Simplified Issue	62	2.4%	95,187	3.5%
Total	2,533	100.0%	2,758,318	100.0%

Benefit Measure				
Daily	2,533	100.0%	2,758,318	100.0%
Monthly	0	0.0%	0	0.0%
Total	2,533	100.0%	2,758,318	100.0%

Cash Benefit Option				
Cash	0	0.0%	0	0.0%
Reimbursement	2,533	100.0%	2,758,318	100.0%
Total	2,533	100.0%	2,758,318	100.0%



Keith Burns, ASA, MAAA
Vice President and Actuary
Financial Management

The Prudential Insurance Company of America
Long Term Care Unit
100 Mulberry Street
Gateway Center 2, 11th Floor
Newark, NJ 07102
Tel 402 715-4861
keith.burns@prudential.com

January 17, 2019

The Honorable Jessica Altman
Commissioner of Insurance
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Re.: The Prudential Insurance Company of America
NAIC #304-68241
Group Long Term Care Insurance
Form Numbers: 83500 BFW 5015, et al

Dear Commissioner Altman:

We enclose for your review a group long-term care insurance rate schedule change. We are requesting the approval or authorization of a premium rate increase for the above referenced forms.

Form series 83500 BFW 5015, et al were previously approved or authorized by the Department on July 2, 2004. The product was first made available nationwide in 2002. We are no longer actively marketing this coverage.

A previous rate schedule change under this series of forms was reviewed and acknowledged by the Department under SERFF tracking number PRUD-129604736 on July 18, 2014.

Some of Prudential's pricing assumptions for this series of forms, although based on the best information then available, were not consistent with our emerging experience. In view of these results, we are requesting a rate increase of 19% for the series of forms 83500 BFW 5005, et al in the state of Pennsylvania.

[Prudential is willing to implement this proposed rate increase over a period of two to three years in order to help mitigate the impact to the certificateholders.]

The rate increase is needed to help ensure that future premiums, in combination with existing reserves, will be adequate to fund anticipated claims. We will continue to monitor the performance of this block of business after this rate action. It is possible that as we continue to regularly review the experience of these series of forms, another increase may be needed in the future.

The deterioration of experience relative to pricing has contributed to the need to strengthen Prudential's Reserves, depleting surplus. In 2018 Prudential increased its pre-tax GAAP reserves by \$1.5 billion to account for the impact of revised assumptions due to recent deterioration in experience. This change in GAAP reserves was primarily driven by changes to our morbidity assumptions.

The requested rate increases will not restore original profit margins, but will help Prudential avoid additional losses as well as further depletion of its surplus. Approval of the requested rate increase will also help maintain equity amongst the states. Deferring rate increases will only increase the size of needed future rate increases.

After state approval or authorization is obtained, Prudential will establish an implementation date for impacted group contracts. The increase for impacted insureds will become effective on the first premium due date following the implementation of the rate increase established for their group. The earliest increase will be effective no earlier than August 1, 2019. Prudential will provide advance notice of the rate increase to the Group Contract Holder and certificateholders, according to the contractual and regulatory provisions.

We understand that a premium increase may be difficult for impacted insureds to absorb. Consequently, Prudential is prepared to offer options to enable policyholders to partially or fully offset the rate increase with benefit reductions such as reducing the Lifetime Maximum, decreasing their Daily Benefit Maximum, or dropping optional rider(s). Additionally, as an alternative, impacted insureds may also exercise their rights under a non-forfeiture benefit option or the plan's contingent non-forfeiture provision.

The following items are included with this submission:

- All Actuarial Material
- All Required Certifications
- State transmittal and checklists (If applicable)
- [Advance Notification Packet]

Correspondence: Please correspond directly with my associate concerning this filing.

Raenonna Prince, CLTC, LTCP
Lead Analyst
The Prudential Insurance Company of America
2101 Welsh Rd.
Dresher, PA 19025
Voice: (800) 732-0416 or (215) 658-6281
Fax: (888) 294-6335
e-mail: raenonna.prince@prudential.com

Very truly yours,



Keith Burns, ASA, MAAA
Vice President and Actuary

Enclosures

Appendix C

The Prudential Insurance Company of America

Description of Experience Analysis and Assumption Setting

Mortality Study

The total mortality rate assumptions are can be broken into in three distinct parts: (1) a base rate industry mortality table, (2) selection factors created to adjust the table based on Prudential experience, and (3) a mortality improvement factor. The best estimate assumption is applied at the policy level. The industry table rates are attained age and male/female based. The Prudential experience based selection factors vary by issue age, gender and duration of the policy. The improvement assumption varies by calendar year. The selection factor assumptions are developed separately for individual and group products, but base rate table and improvement factors are the same for both products.

The 2Q 18 best estimate mortality assumption was developed using the most recent 5 years of data and a 95% confidence interval test based on the 2017 Best Estimate assumptions as the expected. The assumption was changed if it falls outside the 95% CI. The test was performed at the product and gender level. The selection factors grade to 105% at duration 30 and later consistent with 2Q 17 best estimate assumptions.

Mortality improvement is a factor that is applied to the mortality rate that has been adjusted by selection factors. It is intended to reflect the notion that the probability of death for a given age will decrease over time, as the population as a whole is living longer, indicating an improvement in mortality. The rate will level out after 20 years into the projection.

Prudential's experience study was performed using mortality data from 7/1/2012 – 6/30/2017, with deaths reported through 9/30/2017. This year we used Measure, a Polysystems software, to perform the analysis. This allowed us to use more recent data in our study.

The future expected mortality assumptions were developed based on this historical actual experience and judgment. Based on our analysis, the 2012 IAM Basic Table on an ALB basis matched actual experience the closest, with some adjustments, i.e. ultimate selection factors. Mortality selection factors were developed by issue age, gender, duration, and product type to best match our actual experience using the mortality table as a base.

Voluntary Lapse Study

A voluntary lapse study was also conducted on the Company's actual experience using data through September 30, 2017. Voluntary lapse rates were calculated based on actual lapses using experience in years 7/1/2014 – 6/30/2017 with lapses reported through 9/30/2017. Similar to

mortality, this year we performed the analysis in house. This allowed us to use more recent data in our study. Voluntary lapses are studied using actual terminations. The impact of shock lapses that occur due to rate increases were removed from the voluntary lapse study to ensure that the lapse experience was not overstated. The future expected voluntary lapse assumptions were developed based on the historical actual experience and judgment. The expected lapse rates vary by policy duration, attained age and select business segments.

Morbidity Study

The morbidity experience on disabled lives (i.e., in claim status) is of critical importance, as it also plays a crucial role in shaping our base morbidity experience on active lives as well as informing our judgment on morbidity improvement. Morbidity is comprised of several assumptions, including utilization, fitting factors, claim cost guidelines, and cost of care inflation.

For 2Q 2018, the experience data analysis was brought in house, and a deep dive on our disabled life assumptions was performed. For the disabled lives analysis, more granularity has been included for site of care where it now matches the granularity of the active life reserves. Additionally, the analysis has led to the conclusion that there are significant differences in utilization by claim duration. We refined the claim continuance assumptions by claim duration and updated the termination rates by site of care and key benefit plans. We performed an iterative analysis of a claim retrospective test by the different drivers of morbidity and along different slices of the business (active, inactive pending, IBNR/CBER) along with the experience-based study of terminations. In the end we created a curve using actuarial judgment that fit well to our experience and produced a better fit to our retrospective tests.

The morbidity study used for active lives modeling was conducted on the Company's nationwide actual experience on incurred claims through Dec 31, 2017 with claims run out through Dec 31, 2017. The approach used to develop best estimate morbidity assumptions was to start with a set of baseline expected claims and review the experience along several key demographic and benefit characteristics. The primary focus was to develop fitting factors was to match historical incurred claims to expected incurred claims.

A claim is based on Prudential's data using the data field "Date First Eligible" (DFE). Each unique DFE is used to identify a claim. Actual claim incidence is determined by counting each claim. Paid claims are discounted (using an interest rate of 5.5% in the appendices) back to the claim incurred date. The claim reserves are discounted from valuation date to the claim incurred date using a 5.5% discount rate. Both paid claims and claim reserves have a 4.5% load applied to reflect waiver of premium. The claim reserves do not include an LAE load or an explicit margin. Actual incurred claims are calculated by adding together the present value of paid claims and claim reserves (including IBNR). Actual average claim severity is calculated by dividing actual incurred claims by the count of claims. In the morbidity study, waiver of premium is

excluded from both the actual claims and expected claims.

The baseline expected incurred claims were developed from Milliman's 2014 LTC Guidelines (*Guidelines*). Given the large size of the data supporting the *Guidelines*, it was viewed as a credible starting point for the analysis. Also, a composite factor was developed for the business based on the distribution by state and the area adjustment factors from the *Guidelines*. The best estimate assumptions do not include an assumption for morbidity improvement.

The process of developing fitting factors, starting with the baseline expected, generally followed the following steps:

- Review experience by issue year and product to determine if the baseline selection factors used are appropriate
- Review experience by issue age, gender, marital status and / or underwriting type
- Review experience by key benefit and demographic characteristics

It should be noted that many of the factors are related to each other. The fitting factors are Prudential adjustments to the 2014 Milliman Cost of Care Guidelines. The guidelines are a set of claim costs based on Milliman's slice of industry wide LTC insurance claims of \$25 Billion. The guidelines include base assumptions, but they are customized to a given company based on characteristics such as underwriting and product design.

The Prudential Insurance Company of America
Appendix C - Exhibit 1
Mortality Study
Experience by Policy Duration
GLTC

Duration	Actual Exposures	Actual Mortality	Current Best Estimate	Actual/Best Estimate
1-5	191,762	439	467	94%
6-10	215,958	832	856	97%
11-15	188,890	1,260	1,256	100%
16-20	81,906	858	855	100%
21-25	104,964	1,743	1,778	98%
26+	35,294	868	860	101%
Total	818,773	6,000	6,071	99%

Notes:

- 1) Prudential's experience study was performed using mortality data from 7/1/2012 – 6/30/2017, with deaths reported through 9/30/2017.
- 2) Expected Mortality Rate uses 2012 IAM Basic Mortality Table, with mortality selection factors, and 1% improvement per year through 2038.

The Prudential Insurance Company of America
Appendix C - Exhibit 2
Lapse Study
Experience by Policy Duration
GLTC

Duration	Actual Exposures	Number of Lapses	Number of Expected Lapses	Actual Lapse Rate	Expected Lapse Rate	Actual/Best Estimate
1	764	36	63	4.7%	8.2%	58%
2	4,984	241	284	4.8%	5.7%	85%
3	18,280	876	876	4.8%	4.8%	100%
4	24,065	580	505	2.4%	2.1%	115%
5	23,545	500	494	2.1%	2.1%	101%
6	18,039	325	379	1.8%	2.1%	86%
7	16,762	367	352	2.2%	2.1%	104%
8	15,927	270	334	1.7%	2.1%	81%
9	17,359	357	347	2.1%	2.0%	103%
10	17,737	267	266	1.5%	1.5%	100%
11	19,496	334	292	1.7%	1.5%	114%
12+	175,386	1,170	1,182	0.7%	0.7%	99%
Grand Total	352,342	5,323	5,376	1.5%	1.5%	99%

Notes:

- 1) Actual lapse rates using July 2014 - June 2017 data were observed.
- 2) Shock lapses have been removed from both actual and expected values.
- 3) Expected Lapse Rate is the assumption used in the current projection assumption.

The Prudential Insurance Company of America
Appendix C - Exhibit 3
Claim Study
Experience by Calendar Year
GLTC

Incurred Yr	Actual Paid Claims (in \$MM)	DLR Reserve (in \$MM)	Actual Incurred Claims (in \$MM)	Expected Incurred Claims (in \$MM)	Actual to Expected
<=2005	37.58	1.08	38.65	35.51	109%
2006	6.78	0.29	7.07	7.67	92%
2007	10.46	0.73	11.20	9.51	118%
2008	11.43	0.77	12.20	14.38	85%
2009	18.34	1.68	20.02	22.67	88%
2010	24.26	3.23	27.50	29.29	94%
2011	27.98	4.04	32.02	36.13	89%
2012	32.64	6.92	39.56	41.41	96%
2013	34.74	9.69	44.43	47.55	93%
2014	35.63	20.91	56.54	53.24	106%
2015	35.07	30.98	66.05	59.10	112%
2016	24.42	41.21	65.63	64.46	102%
2017	11.80	63.67	75.47	70.78	107%
2018	0.38	36.56	36.94	39.21	94%
Grand Total	311.52	221.76	533.28	530.92	100%

Notes:

- 1) Experience is through June 30, 2018.
- 2) Paid claims represent the present value of paid claims discounted to the claim incurred date.
- 3) Reserve amounts represent the present value of the remaining claim reserve (including IBNR) discounted to the claim incurred date.
- 4) Expected Claims is based on Milliman's 2014 LTC Guidelines with 2018 Prudential experience fitting factors.
- 5) Claim dollar amounts are discounted using a 5.5% interest rate (both actual and expected).
- 6) This exhibit excludes waiver of premium and return of premium benefits in both actual and expected results.
- 7) Morbidity improvement has been removed from the Expected Incurred Claims.

The Prudential Insurance Company of America
As Administered by CHCS
Long-Term Care Customer Service Center
P.O. Box 8526
Philadelphia, PA, 19176-8526
Tel: 1-800-732-0416 Fax: 877-773-9515

[DATE]

[FIRST NAME LAST NAME]
[ADDRESS LINE 1]
[ADDRESS LINE 2]
[CITY, STATE ZIP CODE]

Re: Long Term Care Insurance - **Notice of Premium Increase**
Group Name: [NAME OF GROUP CUSTOMER]
Certificate Number: [XXXXXXXXXX]

Dear [MR/MS LAST NAME]:

We are writing to inform you that we are increasing the premium for the above-referenced long term care insurance coverage by [XX%]. The new [monthly, quarterly, semiannual, annual] premium payment will change from [\$XXXX.XX] to [\$YYYY.YY]. This increase will take effect on [MM/DD/YYYY]. ¹[**IF STATE APPROVED INCREASES OVER MULTIPLE YEARS:** We are writing to inform you that we are increasing the premium for the above-referenced long term care insurance policy in multiple stages. The initial premium increase for your policy is [XX%]. Your [monthly, quarterly, semiannual, annual] premium payment will change from [\$XXXX.XX] to [\$XXXX.XX]. This increase will take effect on [MM/DD/YYYY]. A subsequent rate increase for your policy will be [XX%]. This will take effect no earlier than one year from the current rate increase effective date. Another subsequent rate increase for your policy will be [XX%]. This will take effect no earlier than two years from the current rate increase effective date.¹]

We have filed this premium rate increase with state insurance regulators and are implementing this premium rate increase in accordance with the terms and conditions of your coverage and applicable laws. We have also notified the Group Contract Holder through which this coverage was purchased. Please read this letter carefully and in its entirety. Please also refer to the enclosed document titled *Frequently Asked Questions*, which provides more information about this premium rate increase. If you have other questions or concerns after reviewing this letter, **please call our Long Term Care Customer Service Center at 800-732-0416, Monday through Friday, 8 a.m. to 7 p.m. Eastern time.**

[**IF DIRECT BILL:** You will see this change reflected in the statement preceding the effective date of the increased premium rate.] [**IF EFT:** Since you pay premium via electronic funds transfer ("EFT"), we will deduct the increased premium amount from your bank account beginning with the first premium due after the rate increase effective date.] [**IF PAYROLL DEDUCTION:** Since you pay premium through your employer, please be aware the amount deducted will be adjusted to reflect the increase in premium.]

¹ The premium amounts cited in this letter do not reflect any benefit changes that may already be pending at this time or elect in the future. Your actual premium may be different due to rounding.

[IF AT MINIMUM: Because your benefits are already at the lowest level we offer, we are unable to offer you the option of reducing your coverage in order to offset the amount of your premium increase.]

[IF NOT AT MINIMUM: If you decide to pay your premium at the increased rate listed above, your coverage will remain the same. In the alternative, we have set forth a number of options below that will allow you to reduce the amount your premium increases by electing to reduce the amount of coverage you have. We urge you to consider each of these options carefully.]

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Personalized Options to Reduce the Impact of the Premium Rate Increase

- You may reduce your current Daily Maximum Benefit for Nursing Home care. Please note all other benefits are calculated as a percentage or a factor of this Daily Maximum Benefit for Nursing Home amount; therefore, a reduction to the Daily Maximum Benefit for Nursing Home care will reduce all of your other benefits accordingly. This means the maximum benefit you could receive under the coverage for each day you receive benefits will be reduced to the amount stated below. This change would moderate the impact of the increase in premium.²

Please note that by reducing your Daily Maximum Benefit for Nursing Home care, you will also be reducing the total dollar amount of benefits payable under your coverage (Lifetime Maximum Benefit), since the Lifetime Maximum Benefit is calculated by multiplying the Daily Maximum Benefit for Nursing Home care by the number of days the coverage was intended to last, unless your coverage has an unlimited Lifetime Maximum Benefit. For example, \$100 Daily Maximum Benefit for Nursing Home care x 5 year plan x 365 days = \$182,500. Reducing the Daily Maximum Benefit for Nursing Home care to \$80 = \$80 x 5 years x 365 days = \$146,000.

Before making any decision to reduce your Daily Maximum Benefit for Nursing Home care, please consider the current and future cost of care in the geographic area where you anticipate receiving care, and the amount you expect to be able to pay for care from your own assets and savings.

- You may reduce your Lifetime Maximum Benefit amount by changing the number of years used to calculate such benefits. This means your Lifetime Maximum Benefit shown in a dollar amount will be recalculated to a lower dollar amount. This change may help to minimize the impact of the increase in premium.
- You may reduce **both** your current Daily Maximum Benefit for Nursing Home care **and** your Lifetime Maximum Benefit. This combination of changes may help to minimize the impact of the increase in premium.

PERSONALIZED OPTIONS				
	Daily Maximum Benefit ²	Lifetime Maximum Benefit ³	Current Premium	New Premium
Keep your Current Coverage	\$XXX	X-Year	\$XXX	\$XXX ¹
Reduce your DMB	\$XXX	X-Year		\$XXX ¹
Reduce your LMB	\$XXX	Y-Year		\$XXX ¹
Reduce your DMB & LMB	\$XXX	Z-Year		\$XXX ¹

The benefit reduction options offered above are examples of what you can do to help offset the premium rate increases, in part or whole. ³**[IF STATE APPROVED INCREASES OVER MULTIPLE YEARS AND NOT THE LAST INCREASE IN A MULTIPLE YEAR IMPLEMENTATION:**

¹ The premium amounts cited in this letter do not reflect any benefit changes that may already be pending at this time or elect in the future. Your actual premium may be different due to rounding.

² The Daily Maximum Benefit amounts are subject to any applicable state and/or partnership regulatory minimum benefit requirements. The Daily Maximum Benefit (DMB) is the most the coverage will reimburse for the costs of covered long-term care services received on any day.

³ Lifetime Maximum Benefit (LMB) represents the total pool of money available to reimburse the costs of covered long term care services you receive while insured, and is calculated by multiplying your DMB by the number of years in days.

We will continue to extend benefit reduction options to you prior to each scheduled increase. There may be additional options available to you, including options that may help to offset the scheduled multi-year premium increases shown above.] Our dedicated Long Term Care Customer Service Center staff will be able to provide you with information about the complete range of options available to you. Please note that your premium resulting from any of these benefit changes will still be subject to the future scheduled premium increases. If you would like to elect an option to reduce the impact of the premium rate increase, please complete the attached *Long Term Care Insurance Change Request Form* and return it to the address noted on the form **within 30 days of the date of this letter**. This will help to ensure any coverage changes take effect on or prior to the effective date of the premium rate increase. You will be provided with a new Confirmation Statement if you elect to modify your coverage in any way. If you wish to explore other options to reduce the impact of this premium rate increase, please call us at **800-732-0416, Monday through Friday, 8 a.m. to 7 p.m. Eastern time**, so we can review with you other options that might be available and the premium associated with those options.

[**IF NFO:** As an alternative to the options described above, you may exercise a right under the non-forfeiture benefit of your coverage to change your coverage to paid-up status. If you elect this option, no further premium payments will be due, and your Benefit Waiting/Elimination Period and Daily Maximum Benefits will remain the same, but your Lifetime Maximum Benefit will be reduced. All riders attached to your policy will also terminate. If you wish to consider this option and would like to know the amount of your reduced Lifetime Maximum Benefit, please contact our Long Term Care Customer Service Center at **800-732-0416, Monday through Friday, 8 a.m. to 7 p.m. Eastern time**. You can elect this option by checking the appropriate box on the enclosed *Long Term Care Insurance Change Request Form*. If you do not submit a *Long Term Care Insurance Change Request Form* or contact our Long Term Care Customer Service Center and coverage lapses because you do not pay the full increased premium, your coverage will automatically be converted to paid-up status with reduced benefits. If you convert to this status, the amount of your reduced benefits can be provided to you in writing.]

Or, NFO is not an option,

[**IF CNFO:** As an alternative to the options described above, you may exercise a contingent non-forfeiture right to change your coverage to paid-up status. If you elect this option, no further premium payments will be due, and your Benefit Waiting/Elimination Period and Daily Maximum Benefits will remain the same, but your Lifetime Maximum Benefit will be reduced. All riders attached to your policy will also terminate. If you wish to consider this option and would like to know the amount of your reduced Lifetime Maximum Benefit, please contact our Long Term Care Customer Service Center at **800-732-0416, Monday through Friday, 8 a.m. to 7 p.m. Eastern time**. You can elect this option within 120 days of the implementation of the premium increase by checking the appropriate box on the enclosed *Long Term Care Insurance Change Request Form*. If you do not submit a *Long Term Care Insurance Change Request Form* or contact our Long Term Care Customer Service Center and coverage lapses because you do not pay the full increased premium, your coverage will automatically be converted to paid-up status with reduced benefits. If you convert to this status, the amount of your reduced benefits can be provided to you in writing.]

We understand this premium increase impacts you financially, but we hope you will continue to appreciate the value of your long term care insurance coverage. The increase impacts a broad group of long term care insurance customers like you and is not based on any individual's personal factors, such as health status or claim history. We determined that a premium rate increase was necessary after thoroughly evaluating the factors that impact premium rates, including assumptions we make about the amount of claims we expect to pay, the life expectancy of our insureds, the number of insureds who will lapse their coverage over the life of the coverage and prevailing interest rates. After conducting an extensive review of our actual experience concerning each of these factors, we determined that a

premium increase is necessary to continue to provide the quality insurance coverage you have come to expect.

[IF ADDITIONAL INCREASE IS *CERTAIN*: We anticipate one or more additional premium increase(s) will be necessary in the future, but we do not presently know the date(s) or amount of any future increase(s).]

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[IF ADDITIONAL INCREASE IS POSSIBLE: It is possible, as we continue to regularly review the factors that impact premium rates, that one or more increase(s) may be needed in the future.]

In the event [a] future increase(s) becomes necessary, you will receive advance notification of the effective date(s) of any such increase(s). We will continue to monitor the factors that impact premiums to determine if our current assumptions are consistent with actual experience.

Next Steps

If you elect to maintain your current benefit levels and pay the increased premium, you do not need to take any action at this time. Simply pay the increased premium when due.

If you would like to elect an option to reduce the impact of the premium rate increase, please complete the attached *Long Term Care Insurance Change Request Form* and either mail it to the address or fax it to the phone number that are noted on the form **within 30 days of the date of this letter**.

If you do not elect a benefit reduction option or inform us of your intent to terminate coverage within 30 days of the date of this letter, we will assume you wish to maintain your current benefit levels at the increased premium rate.

If you have questions or concerns after reviewing this letter, **please call our Long Term Care Customer Service Center at 800-732-0416, Monday through Friday, 8 a.m. to 7 p.m. Eastern time**. We have a dedicated team ready to assist you, Monday through Friday. We appreciate having you as a customer and we look forward to continuing to serve you.

Sincerely,

Prudential Long Term Care Insurance Customer Service Center

The Prudential Insurance Company of America
As Administered by CHCS
Long-Term Care Customer Service Center
P.O. Box 8526
Philadelphia, PA, 19176-8526
Tel: 1-800-732-0416 Fax: 877-773-9515

Group Name: [NAME OF GROUP CLIENT]

Certificate Number: [XXXXXXXXXXXX]

Insured: [FIRST NAME LAST NAME]

[DATE]

LONG TERM CARE INSURANCE CHANGE REQUEST FORM

Dear Impacted Insured:

This form may be used to make changes to your Long Term Care insurance coverage to reduce the impact of your premium increase. Before making any changes, we strongly encourage you to review your certificate of insurance and to call our Long Term Care Customer Service Center at **800-732-0416, Monday through Friday, 8 a.m. to 7 p.m. Eastern time**, to discuss the complete range of options available to you, including how your selection of each option will affect (1) the amount of premium you will be required to pay, and (2) your coverage.

Please indicate your change(s) by checking and completing the options below. Sign and return this form within 30 days of the date above. This will help to ensure any coverage changes take effect on or prior to the effective date of the increase.

NOTE: If you check more than one option, you should call us for the actual premium amounts since those shown here and in the letter included with this form will change.

- ☐ **Decrease my Daily Maximum Benefit for Nursing Home care** from [\$XXX] to [\$YYY] (my corresponding *inflated* Daily Maximum Benefit for Nursing Home care would decrease from [\$XXX] to [\$YYY]). I understand all other benefits calculated as a percentage or a factor of this Daily Maximum Benefit for Nursing Home amount will also be reduced accordingly.
- ☐ **Decrease my Lifetime Maximum Benefit amount** by changing the number of years used to calculate such benefits from [X years][unlimited] to [Z] years.
- ☐ [**Decrease my Daily Maximum Benefit for Nursing Home care** from [\$XXX] to [\$YYY] (my corresponding *inflated* Daily Maximum Benefit for Nursing Home care would decrease from [\$XXX] to [\$YYY] **AND** decrease my Lifetime Maximum Benefit amount by changing the number of years used to calculate such benefits from [X years][unlimited] to [Z] years. I understand all other benefits calculated as a percentage or a factor of this Daily Maximum Benefit for Nursing Home amount will also be reduced accordingly.
- ☐ [**IF NFO**: I wish to **exercise the non-forfeiture option**. I understand by doing so, no further premium payments will be due and my Benefit Waiting/Elimination Period and Daily Maximum Benefits will remain the same, but my Lifetime Maximum Benefit will be reduced, and I will not be eligible for any additional inflation protection increases because my coverage will be on paid-up status. I understand if I elect this option, I cannot elect any of the other options shown on this form.]

- ☐ [IF CNFO: I wish to **exercise the contingent non-forfeiture option**. I understand I can only make this election within the 120 day period following the due date of my increased premium, and I must continue paying premium up until that due date. I further understand by making this election, no further premium payments will be due and my Benefit Waiting/Elimination Period and Daily Maximum Benefits will remain the same, but my Lifetime Maximum Benefit will be reduced, and I will not be eligible for any additional inflation protection increases because my coverage will be on paid-up status. I understand if I elect this option, I cannot elect any of the other options shown on this form.]
- ☐ I wish to do the following: I understand someone from the Long Term Care Customer Service Center may call me to clarify my wishes or explain if the change requested can be made. Please fill in this section **ONLY** if you have already contacted the Long Term Care Customer Service Center to explore alternative options and the associated cost.
-
-

IF YOUR EXISTING COVERAGE QUALIFIES AS A PARTNERSHIP ELIGIBLE POLICY, PLEASE NOTE. Whether your coverage qualifies for Partnership depends in part on your age and the type of inflation protection you select and maintain.

I understand that a reduction to my inflation protection coverage may affect whether my coverage continues to be a Partnership eligible. I understand that to retain my Partnership qualification status, I need to maintain the level of inflation protection in effect.

I understand the coverage change(s) I have selected above will reduce my current benefits, depending upon the option(s) selected in exchange for a corresponding reduction in the premium that I will be required to pay when the impending premium rate increase takes effect. I acknowledge Prudential has made the Long Term Care Customer Service Center available for me to discuss these option(s). I affirm these selection(s) are made voluntarily and I am under no obligation to make them. I understand that I may consult with accounting, financial planning, tax and other professional advisors before making any change(s) to my coverage. I acknowledge that Prudential encourages me to do so to ensure that any change(s) I make to my coverage best suit my individual financial and insurance needs. I agree any change(s) will become effective on the date set by The Prudential Insurance Company of America upon receipt of this request.

Signature of Insured for Certificate Number:
[XXXXXXXXXXXX]

Date Signed

Please complete and return by mail or facsimile to:

The Prudential Insurance Company of America
As Administered by CHCS
Long Term Care Customer Service Center
P.O. Box 8526
Philadelphia, PA 19176-8526
Fax: 877-773-9515

All requested changes to your benefits must be in writing and cannot be processed over the phone.

Frequently Asked Questions

Question: Why are you raising long term care insurance premium rates?

Answer: We monitor in-force contracts like yours to make sure we will be able to meet our future claim obligations. The premiums we charge are influenced by a number of factors, including assumptions we make about the amount of claims we expect to pay, the life expectancy of our insureds, the number of insureds who will lapse their coverage over the life of the policy and prevailing interest rate levels. We used the best available information to establish the original premium rates, but our actual experience has been materially different compared to our original assumptions. Our review of the actual experience has resulted in changes to the assumptions we use to project future experience and the premium necessary to keep pace with that expected future experience. Unfortunately, the experience trends we, as well as the long term care insurance industry generally are seeing necessitates that we raise premium rates.

Question: What allows you to raise premiums on these policies?

Answer: The certificate of insurance we issued to you describes our right to increase the premium we charge for the insurance. Generally, this language can be found in both the “Renewability” and “Increases in Premiums” provisions.

Question: Will you raise premiums on these policies again?

Answer: **[IF ADDITIONAL INCREASE IS CERTAIN:** We anticipate one or more additional premium increase(s) will be necessary in the future, but we do not presently know the date(s) or amount of any future increase(s).]

[IF ADDITIONAL INCREASE IS POSSIBLE: It is possible, as we continue to regularly review the factors that impact premium rates, that one or more increase(s) may be needed in the future.]

In the event [a] future increase(s) becomes necessary, you will receive advance notification of the effective date(s) of any such increase(s). We will continue to monitor the factors that impact premiums to determine if our current assumptions are consistent with actual experience.

Question: When will this premium increase become effective?

Answer: That date is set forth in the letter to which this Frequently Asked Questions form was attached.

Question: What options do I have to moderate the impact of the premium increase?

Answer: You may keep the coverage you have with all of its current features by paying the increased premium rate. Alternatively, we have included benefit reduction options with this letter to help moderate the impact of the premium increase. If you would like to elect one of these options to reduce or eliminate the impact of the premium increase, please review, complete and return the enclosed *Long Term Care Insurance Change Request Form*. The Long Term Care Customer Service Center is available to discuss other available options to help reduce your premium. They can be reached at **800-732-0416, Monday through Friday, 8 a.m. to 7 p.m. Eastern time.**

Will the rate increase be effective for everyone in my group at the same time?

No. Impacted insureds have different premium due dates and were issued coverage in different states. The increase cannot be implemented until Prudential receives necessary state approval or authorization and establishes an implementation date. The increase will be staggered in accordance with when regulatory approvals and authorizations are obtained.

Will everyone's premium be increased by the same amount?

Not necessarily. Since Prudential must receive necessary state approval or authorization prior to implementing the increase, it is possible not every state will approve or authorize the same percentage increase. It is also

possible some states may deny Prudential's request for an increase, or require it be reduced or spread over multiple years.

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